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Global Agricultural Information Network

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POLICY

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Report Highlights:

Welcome to Hot Bites from India, a weekly food and agricultural news summary. This report includes information gathered by local agricultural analysts and/or reported in the local media.

DISCLAIMER: The information contained in this report is not a statement of U.S. Government policy. The views and opinions reported by different news organizations do not reflect the policies of the U.S. Department of Agriculture or the U.S. Embassy in New Delhi.

General Information:

POLICY

INDIA-US TIES CREATE JOBS FOR BOTH COUNTRIES: WHITE HOUSE

A healthy bilateral relationship will mean more jobs in both countries (Source: [The Economic Times](#), 09/07/2011)

FOOD INFLATION DIPS TO 9.55% THOUGH RETAIL PRICE INCREASES

Food inflation for the week ended August 27 declined to 9.55%, prompting finance minister Pranab Mukerjee to comment that the moderation will continue, notwithstanding some fluctuation during the festive season. (Source: [Financial Express](#) 09/09/2011)

GRAIN AND FEED

BAN ON NON-BASMATI RICE, WHEAT EXPORTS LIFTED

An empowered group of ministers on Thursday decided to lift a four-year-old ban on wheat exports and also free non-basmati rice shipments to ease storage space in almost-choked warehouses. (Source: [Financial Express](#) 09/09/2011)

AGRICULTURAL SITUATION

FARM OUTPUT GROWTH MAY MODERATE, DESPITE GOOD RAIN

Overall farm output growth in the kharif harvest season, beginning October, is slated to moderate to three to four per cent, as against 6.6 per cent last year, said a recent study by Care Ratings. (Source: [Business Standard](#), 09/09/2011)

BIOTECHNOLOGY

DELHITES JOIN GREENPEACE TO OPPOSE THE PROPOSED 'GM-FRIENDLY' BIOTECHNOLOGY BILL

To protest the tabling of the Bill in the Parliament, Greenpeace organized a cook in protest where a dish was made with organic eggplant. A portion of the dish was delivered to the Prime Minister's residence along with a petition containing the signatures of one lakh citizens. (Source: [The Times of India](#), 09/07/2011)

SUGAR

CACP SUGGESTS SHARP HIKE IN CANE FRP TO RS 170 PER QUNTAL FOR 2012-13

In view of rising production costs, the Commission for Agricultural Costs and Prices (CACP) has recommended a 17.25 percent increase in the fair and remunerative price (FRP) for sugarcane to Rs 170 per quintal for the 2012-13 sugar year (October-September). (Source: [The Economic Times](#), 09/07/2011)

OILSEEDS

ADM BUYS TWO OILSEED PLANTS AS IT BUILDS INDIAN NETWORK

Archer Daniels Midland (ADM) has bought two oilseeds processing facilities in India from Geepee Agri and established a new headquarters in the Asian nation. "These new assets support ADM's expansion of our oilseeds origination network in Central Asia, which is a region of great interest to our business," said Kevin Eikerman, managing director at ADM Oilseeds India. (Source: [The Public Ledger](#), 09/06/2011)

HORTICULTURE

APPLE IMPORT NOT CURSE FOR GROWERS IN HIMACHAL PRADESH

The entry of expensive imported fruit, particularly from countries like the USA, has lifted the domestic market and the local produce is also fetching a much higher price now. (Source: [The Tribune](#), 09/03/2011)

OTHER

ONIONS: THAT TEARY FEELING AGAIN

The government had on Monday increased the minimum export price of onion by a sharp US \$175 per ton to US \$475 a ton. (Source: [Indian Express](#) 09/09/2011)

NEWS IN DETAIL:

INDIA-US TIES CREATE JOBS FOR BOTH COUNTRIES: WHITE HOUSE

IANs Sep 7, 2011, 10.33am IST

WASHINGTON: Underlining the importance of economic cooperation between the United States and India, the White House has said a healthy bilateral relationship will mean more jobs in both countries. "I think that the importance of our bilateral relations with India, our economic cooperation with India, cannot be overstated, for the sake of our economy and for India's economy," White House spokesman Jay Carney told reporters here Tuesday.

"And I think that continues to be the case, and that a healthy bilateral relationship will mean more jobs

here and more jobs there," he said in response to a question about President Barack Obama's visit to India last November when he had said US-India business relations would create thousands of jobs in the US.

FOOD INFLATION DIPS TO 9.55% THOUGH RETAIL PRICE INCREASES

FE Bureau

New Delhi: Food inflation for the week ended August 27 declined to 9.55%, prompting finance minister Pranab Mukerjee to comment that the moderation will continue, notwithstanding some fluctuation during the festive season.

Commerce ministry data said pulse and wheat prices fell 1.56% and 1.04% respectively from last year's prices. However, other food items turned costlier. During the week, onion prices were up 42.03% on an annual basis, while potato prices rose 13.38%.

Deficient rains delayed sowing in major onion-growing regions in Maharashtra and Gujarat and farmers held on to summer crop, driving up retail prices. Retail onion prices in Delhi rose to R25/kg on September 2, 2011 from R15/kg about two months back, up 66% while in Hyderabad, it rose to R16/kg from R10/kg during the same period, up 60%.

Vegetable and fruit prices were up 22.42% and 16.57% respectively during the period. "While vegetable prices are broadly expected to remain firm in the coming weeks, inflation associated with the same is likely to decline on account of the base effect," said Aditi Nayar, economist with Icras. Eggs, meat and fish were up 7.26% while milk and cereals rose 9.12% and 5.45% respectively during the reporting period.

"Labour costs have gone up significantly in the last few years. Various social sector schemes like the National Rural Employment Guarantee Scheme have pushed up procurement costs for milk, meat and fish products," said PK Joshi, senior programme coordinator at International Food Policy Research Institute.

The Prime Minister's Economic Advisory Council (PMEAC) recently exuded confidence that food prices will moderate. "I expect food inflation to come down in the coming weeks as the monsoon has been good. We are almost towards the end of the monsoon and all indications are that the agricultural production will be good during this year," C Rangarajan, chairman of PMEAC had remarked.

BAN ON NON-BASMATI RICE, WHEAT EXPORTS LIFTED

FE Bureau

Posted: Friday, Sep 09, 2011 at 0030 hrs IST

New Delhi: An empowered group of ministers on Thursday decided to lift a four-year-old ban on wheat exports and also free non-basmati rice shipments to ease storage space in almost-choked warehouses before summer crops are harvested from October, but it agreed to ban onion exports to prevent a recent flare-up in its prices.

“Wheat and rice exports have been put under the OGL (open general licence),” Commerce and Industry Minister Anand Sharma said after a meeting of the EGoM, headed by Finance Minister Pranab Mukherjee.

Separately, Food Minister K.V. Thomas said the government will review the decision and may put curbs once the shipments of both the grains cross 2 million tonne each. Thomas said the EGoM has also decided to ban onion exports to improve local supplies after a delay in summer crop sowing jacked up prices of the kitchen bulb. Retail prices of onion in Delhi are ruling around R25 a kg from R15 per kg around two months ago.

A senior government official said the ban on onion exports is aimed at preventing a repeat of the last year’s irrational spiralling of the prices to around R80 a kg.

India, the world's second-largest grains grower, had imposed a ban on wheat exports in 2007 and allowed non-basmati rice exports only in limited quantities this year after curbing the shipment since April 2008 to prevent domestic food prices from spiraling out of control and also to prepare for a food security law that aims to enhance subsidised grain sales to the poor.

It allowed exports of 150,000 tonne of three premium non-basmati varieties in February and one million tonne of common-grade rice in July. But the decision in July has been put on hold after the Delhi High Court, responding to the petitions of some exporters, asked the government not to allocate the quota for the shipment of one million tonne of non-basmati rice till it hears the case. However, the court's verdict is limited only to the one million tonne of non-basmati shipment allowed in July and will have no bearing on the government’s approval for past or fresh exports.

The government’s grain stocks nearly doubled its requirements for welfare programmes to 56.33 million tonne as of September 1 on persistent procurement, resulting in mounds being stored in the open under tarpaulin for a second successive year as it has a covered storage capacity of around 43 million tonne.

The country is aiming to produce a record 245 million tonne of grains in the crop year through June 2012, which would further pressure its already-stretched warehouses if exports weren’t to be allowed. Last year, seasonal monsoon rains washed away thousands of tonne of grains stored outside under plastic sheets, triggering sharp reaction from the Opposition parties as well as the Supreme Court.

FARM OUTPUT GROWTH MAY MODERATE, DESPITE GOOD RAIN

Dilip Kumar Jha / Mumbai September 09, 2011, 0:10 IST

The growth in farm output is likely to decline this kharif season, in spite of being the best monsoon rainfall in six years. As a result, the prices of agricultural commodities are set to remain high in 2011-12.

Overall farm output growth in the kharif harvest season, beginning October, is slated to moderate to three to four per cent, as against 6.6 per cent last year, said a recent study by Care Ratings. This was despite estimates of a record production in rice and wheat, said Madan Sabnavis, chief economist, Care Ratings.

Half the year's total foodgrain output and two-thirds of oilseeds come from kharif, besides all of sugarcane and fibres. Therefore, it is vital for this monsoon-based set of crops to perform well. According to the India Meteorological Department, the distribution of rainfall this season was the best in six years. It was normal to excess in 32 of the 36 meteorological divisions across the country; the other four saw a marginal deficit. Rainfall has been 716 mm in these three months, the highest since 2005. The total this season should be 920-930 mm.

Yet, the growth in output will remain lower than last year, said a report by Angel Broking. During 2010-11, total foodgrain production was 241.6 million tonnes, with wheat and pulses touching record highs at 85.9 mt and 18.1 mt, respectively. The fourth advance estimates released by the agriculture ministry says wheat output is estimated to be higher by 5.13 mt this year.

Rice output is forecast at 95.3 mt as against 89.1 mt last year. In 2009-10, total grain output from rabi and kharif was 218.1 mt. The highest production in recent years was 234.47 mt in 2008-09. The output of certain varieties of oilseeds like groundnuts, and that of pulses, is estimated to decline, by more than the rise in output of other commodities like rice, said Sabnavis.

Prices of agri commodities are likely to remain upbeat through this year, due to a significant rise in the minimum support price. The popular Dhaanya index, indicating the most traded agri commodities on the National Commodity & Derivatives Exchange, gained a marginal 0.8 per cent yesterday and recovered from its decline over the past week to close at 1,249.67.

Rabobank, in its monthly report for August, had recently said the strong price support in agri commodities' markets is expected to continue, due to supportive fundamentals and ongoing investor interest.

DELHITES JOIN GREENPEACE TO OPPOSE THE PROPOSED 'GM-FRIENDLY' BIOTECHNOLOGY BILL

TNN Sep 7, 2011, 04.17am IST

NEW DELHI: It was a grand lunch fit to feed an army. Chefs from Le Meridian, Indian Institute of Hotel Management and Indian Culinary Forum prepared two mammoth containers of mouth-watering, traditional Punjabi style 'Baigan ka Bharta.' What made this simple dish made from organic brinjal spectacular was that it made its way into the Limca Book of Records on Tuesday.

To protest the tabling of the Biotechnology Regulatory Authority of India (BRAI) Bill in the monsoon session of Parliament, Greenpeace organized a cook in protest where a 342.5 kg dish was made from scratch with organic vegetables in Dilli Haat. A portion of the dish was delivered to the Prime Minister's residence along with a petition containing the signatures of one lakh citizens.

"The draft that is to be tabled is draconian and undemocratic. It not only violates the Right to Information Act but will also lead to a substantial increase in the use and commercialization of genetically modified crops," said Kapil Mishra from Green Peace.

CACP SUGGESTS SHARP HIKE IN CANE FRP TO RS 170 PER QUNTAL FOR 2012-13

Sep 7, 2011, 05.30pm IST

NEW DELHI: In view of rising production costs, the Commission for Agricultural Costs and Prices (CACP) has recommended a 17.25 per cent increase in the fair and remunerative price (FRP) for sugarcane to Rs 170 per quintal for the 2012-13 sugar year (October-September).

The CACP is a statutory body and advises the government on the pricing policy for major farm produce.

"We have recommended a substantial rise in the FRP for cane to Rs 170 a quintal for 2012-13 season after carefully studying the increasing cost of production, including labour expenses and other (factors)," a senior CACP official said.

While the FRP for sugarcane in the 2011-12 sugar year (or season), beginning next month, has been fixed at Rs 145 per quintal, the CACP's recommendation on raising this price would be applicable from October, 2012.

ADM BUYS TWO OILSEED PLANTS AS IT BUILDS INDIAN NETWORK

ARCHER Daniels Midland (ADM) has bought two oilseeds processing facilities in India from Geepee Agri and established a new headquarters in the Asian nation.

The facilities, located in the cities of Kota in the north-western state of Rajasthan and Akola in the western state of Maharashtra, process rapeseed, soyabeans and palm. They sell oil to the local market and oilmeal abroad. ADM said it was part of a strategy to expand the size and global reach of oilseed operations and increasing its presence in the growing Indian market.

The deal follows the recent purchase of the remaining interests in Tinna Oils, which is now wholly owned by ADM. The Tinna Oils acquisition includes a soyabean and sunflower seed processing plant in Latur, a soyabean and sunflower seed processing plant in Dharwad and a port warehouse in Visakhapatnam.

ADM also purchased the soyabean processing assets of Madhur Agro located in Nagpur, earlier this year. ADM has consequently established a new Indian headquarters office in Gurgaon, near New Delhi in the northern state of Haryana.

"These new assets support ADM's expansion of our oilseeds origination network in Central Asia, which is a region of great interest to our business," said Kevin Eikerman, managing director at ADM Oilseeds India. "The close proximity of suppliers and customers, coupled with ADM's global reach and export capabilities, will open excellent market opportunities to connect local crops with global markets."

APPLE IMPORT NOT CURSE FOR GROWERS IN HIMACHAL PRADESH

Rakesh Lohumi, Tribune News Service

Shimla: Notwithstanding the clamour for raising the import duty on apples, the opening of the domestic market has not been exactly a curse for growers. In fact, the entry of expensive imported fruit, particularly from countries like the USA, has lifted the domestic market and the local produce is also fetching a much higher price now.

The country's total apple production is around 15 lakh tonnes and last year only 1.15 lakh tonnes of fruit was imported.

With the state having a lean crop and the production likely to take a dip from the last year's record output of 8.92 lakh tonnes to around 3.5 lakh tonnes, the rates have been high all through, and companies like Adani Agri Fresh are finding marketing indigenous apples economically unattractive and looking to import larger quantities to meet the domestic demand. Consequently, the import is expected to touch 2 lakh tonnes this year.

"Until recently the best quality royal delicious variety on an average fetched Rs 20 to Rs 30 per kg and now it is selling at Rs 70 to Rs 80 per kg, more than double the amount, thanks to the imports. Early this week, the red delicious variety from Washington fetched Rs 110 per kg and my own royal delicious Rs 85 per kg, which is a good price. After the arrival of the expensive imported produce, a new trend has emerged and apple is even being sold piece-wise in the retail market, with returns ranging from Rs 150 to Rs 200 per kg," said Rajeev Chauhan, a leading grower and chairman of the Himalayan Apple Growers' Society.

The apple from the USA arriving now was harvested in October last whereas the local apple is fresh and thus more juicy and crisp.

Moreover, the apple being imported to India is unhealthy as growers in the USA use Gibberellins and other hormones and resort to double waxing to lend it a better shape and colour. These hormones and chemicals are not permissible in the USA.

In India no such standards have been laid down and all kinds of fruit and vegetables are being imported. The need of the hour is to educate consumers about the health hazards and quality of the fruit. The Chinese apple is much cheaper, but its quality is not comparable with the local fruit and is fetching 200 to Rs 400 per standard box less.

The market trends are determined by the local produce and the prices take a plunge during the bumper crop. More so as there are not enough controlled atmosphere stores and processing plants to help regulate the flow of produce to market. Not only inferior quality apple, but also the processing grade fruit procured under the market intervention scheme floods the market, affecting the prices of even the best quality produce.

The state has a point in demanding hike in duty from the current 50 per cent as in the long run bulk producers like China may dump cheap produce in the domestic market. The global production is about 58 million tonnes, out of which China contributes 21 million tonnes.

In India, apple processing is done only to the extent of 0.64 per cent as compared to almost 30 per cent at the global level. Only about 70 per cent of the produce is consumed fresh, the rest is processed to make apple butter, baking mixes, syrups and granolas.

Nine per cent of the produce goes into making other products like packed natural juice, cider and jams. If poor quality fruit is processed and not dumped in the market, the overall returns will be much

higher.

Health Hazards

The apple being imported to India is unhealthy as growers in the USA use Gibberellins and other hormones and resort to double waxing to lend it a better shape and colour.

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ONIONS: THAT TEARY FEELING AGAIN

Ravish Tiwari , Rakshit Sonawane

The government had on Monday increased the minimum export price of onion by a sharp US \$175 per tonne to US \$475 a tonne. A day earlier, it had announced that it would sell onions at Rs 20 per kg through retail outlets of NAFED and NCCF in Delhi from September 12.

Both the moves have been prompted by a surge in domestic retail prices of a vegetable that remains a kitchen staple as well as a political hot potato. With erratic rains affecting the cultivation of the kharif crop, and traders holding on to stocks in expectation of a rise in prices, the government has acted to pre-empt a situation like last year when prices had gone up briefly to Rs 80 a kilo.

The fear of a fall in kharif output has created the recent spurt in prices despite the fact that government estimates a better onion yield of over 15 million tonnes this year against last year's 14.6 million tonnes.

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